

**OFFICE OF COMPREHENSIVE SERVICES
FOR AT-RISK YOUTH AND FAMILIES**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2005**



AUDIT SUMMARY

We audited the Office of Comprehensive Services for At-Risk Youth and Families for the year ended June 30, 2005. Our audit found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations.

The Department of Education is the designated fiscal agent for Office of Comprehensive Services for At-Risk Youth and Families. We issued a separate report on this entity in December 2005.

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AGENCY INFORMATION

The Office of Comprehensive Services (Office) administers the Comprehensive Services Act for At-Risk Youth and Families (CSA), which provides services and funding to address the needs of emotionally and behaviorally disturbed youth and their families. CSA works to return at-risk youth back to their homes and schools through a collaborative effort of local government, private providers, and family members that address each child's and family's individual needs.

The State Executive Council (Council) governs the Office and establishes interagency programmatic policy development and fiscal policies, identifies and establishes goals for comprehensive services, and advises the Governor on proposed policy changes. The Department of Education serves as the fiscal agent and has assigned two employees in the central office to process CSA disbursements. The Office has 12 employees that are employees of the Department of Social Services.

Program delivery under CSA occurs through management of the cases at the local level and includes funding sources other than those disbursed through the Office. This report discusses other funding sources below in the section entitled, "Financial Information." CSA uses three teams to manage collective efforts among state and local agencies.

State and Local Advisory Team

The State and Local Advisory Team makes recommendations to the Council on interagency programs and fiscal policies and advises the Council on the impacts of proposed policies, regulations, and guidelines. They also offer training and technical assistance to state agencies and localities.

Community Policy and Management Team

The Community Policy and Management Team (CPMT) serves as the community's liaison to the Office. The CPMTs coordinate long-range, community-wide planning, which ensures the development of resources and services needed by children and families in its community. It is their duty to establish policies governing referrals and reviews of children and families to the Family Assessment and Planning Teams. Each CPMT establishes and appoints one or more Family Assessment and Planning teams based on the needs of the community. CPMTs also authorize and monitor the disbursement of funds by each Family Assessment and Planning Team.

Family Assessment and Planning Team

The Family Assessment and Planning Team (FAPT) assesses the strengths and needs of troubled youth and families and develops an individual family service plan, which provides appropriate services. The FAPT recommends expenditures to the CPMTs.

FINANCIAL INFORMATION

The Office receives funding from the Commonwealth's General Fund and Federal grants. In 2005, total funding increased more than 19 percent from the previous year due to the increased cost of serving children mandated for care under CSA. In fiscal year 2005, the Office served 16,272 children. The following table summarizes 2005 budget and actual activity.

Analysis of Budget and Expenses for Fiscal year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>	<u>Proposed Budget for 2006</u>
General Fund appropriations	\$186,694,989	\$149,350,926	\$149,142,427	\$194,639,663
Federal grants	<u>55,956,816</u>	<u>9,420,000</u>	<u>9,419,999</u>	<u>61,411,678</u>
Total	<u>\$242,651,805</u>	<u>\$158,770,926</u>	<u>\$158,562,426</u>	<u>\$256,051,341</u>

Source: Commonwealth Accounting and Reporting System

The variance between the original and final budgets is due to transfers for the Medicaid portion of CSA costs. The appropriations include the transfers in the Office's original budget, however, during the year; the appropriation transfers to the Department of Medical Assistance Services (DMAS) to meet incurred expenses and amounted to \$37.4 million in general funds and \$38.1 million in federal funds for fiscal year 2005. DMAS processes Medicaid requests for CSA eligible recipients and disburses funds directly to medical providers.

The Office separates state and federal expenses into two funds, state pool and administrative, and allocates these funds based on Appropriation Act requirements. The Office classifies the majority of its funds as pool funds. The Office uses these funds to reimburse localities for costs of providing private residential or day special education, foster care, and foster care prevention services for eligible children and their families.

The administrative funds offset the additional cost localities incur for implementing the CSA and represent about \$1.5 million or one percent of total expenses for the year. The localities may use these funds for administrative and coordinating expenses or direct services to eligible youth and families.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
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December 19, 2005

The Honorable Timothy M. Kaine
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Office of Comprehensive Services for At-Risk Youth and Families** for the year ended June 30, 2005. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objectives, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System and in the Office's accounting records, review the adequacy of the Office's internal control, and test compliance with applicable laws and regulation.

The Office's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Appropriations and Expenses

We performed audit tests to determine whether the Office's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Agency's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Audit Conclusions

We found that the Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and in the Office's accounting records. The Office records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this letter with management on March 2, 2006.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record

AUDITOR OF PUBLIC ACCOUNTS

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